

# Notes to the Financial Statements

For the year ended 31st March, 2004

## 1. General

The Company was incorporated in Bermuda as an exempted company with limited liability with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and trading of voltage converters, coils and components for electrical/electronic/mechanical products and rechargeable battery products.

## 2. Adoption of Hong Kong Financial Reporting Standards

In the current year, the Group has adopted, for the first time, the following Hong Kong Financial Reporting Standard ("HKFRS") issued by the Hong Kong Society of Accountants ("HKSA"), the term of HKFRS is inclusive of Statements of Standard Accounting Practice ("SSAP"s) and Interpretations approved by the HKSA.

SSAP 12 (Revised)	Income taxes
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The principal effect of the adoption of SSAP 12 (Revised) is in relation to deferred tax. In the previous years, partial provision was made for deferred tax using the income statement liability method under which a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. None of the above amendments affected the results of the Group for the current or prior years.

## 3. Significant Accounting Policies

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and investments in securities.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st March each year.

The results of subsidiaries acquired and disposed of during the year are included in the consolidated income statement from and up to their effective dates of acquisition and disposal respectively.

All significant inter-company transactions and balances within the Group have been eliminated on consolidation.

### 3. Significant Accounting Policies *(Continued)*

#### Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of subsidiaries and associates at date of acquisition.

Goodwill arising on acquisition prior to 1st April, 2001 continues to be held in reserves, and will be charged to the income statement at the time of disposal of the relevant subsidiary or associate, or at such time as the goodwill is determined to be impaired.

Goodwill arising on acquisition after 1st April, 2001 is recognised as an asset and amortised on a straight line basis over its economic useful life. Goodwill arising on the acquisition of subsidiary is presented separately in the balance sheet.

On disposal of a business, the attributable amount of goodwill capitalised or held in reserves is included in the determination of the profit or loss on disposal.

#### Negative goodwill

Negative goodwill represents the excess of the Group's interest in fair value of the identifiable assets and liabilities of a subsidiary or an associate at the date of acquisition over the cost of acquisition.

Negative goodwill arising on acquisition prior to 1st April, 2001 continues to be held in reserves and will be credited to income at the time of disposal of the relevant subsidiary or associate.

Negative goodwill arising on acquisition after 1st April, 2001 is presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted. To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight line basis over the remaining average useful lives of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately. Negative goodwill arising on the acquisition of subsidiary is presented separately in the balance sheet as a deduction from assets.

On disposal, the attributable amount of negative goodwill capitalised or held in reserves is included in the determination of the profit or loss on disposal.

#### Turnover

Turnover represents the net amount received and receivable for goods sold to outside customers, less returns and allowances.

#### Revenue recognition

Sales of goods are recognised when goods are delivered and title has been passed.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on a straight line basis over the term of the leases.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

### 3. Significant Accounting Policies *(Continued)*

#### Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on professional valuation at the balance sheet date. Any surplus or deficit arising on revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance of this reserve is insufficient to cover a deficit on a portfolio basis in which case the excess of the deficit over the balance of the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided in respect of investment properties except where the unexpired terms is twenty years or less.

#### Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less accumulated depreciation and amortisation and accumulated impairment losses.

Construction in progress is not depreciated until completion of construction.

Depreciation and amortisation is provided to write off the cost of property, plant and equipment other than construction in progress over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold land	Over the remaining unexpired terms of the leases
Leasehold buildings	Over the remaining unexpired terms of the leases or fifty years, whichever is the shorter
Furniture, fixtures and equipment	10% - 25%
Motor vehicles	20% - 25%
Plant and machinery	10% - 33 $\frac{1}{3}$ %

The gain or loss arising on disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of that asset and is recognised in the income statement.

#### Subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

#### Associates

The results and assets and liabilities of the associates are incorporated in the consolidated financial statements using the equity method of accounting.

When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associates, except where unrealised losses provide evidence of an impairment of the assets transferred.

### 3. Significant Accounting Policies *(Continued)*

#### Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in the net profit or loss for the period.

#### Marketable securities

Marketable securities are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

#### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.



### 3. Significant Accounting Policies *(Continued)*

#### Taxation *(Continued)*

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### Foreign currencies

Transactions in currencies other than Hong Kong dollars are translated into Hong Kong dollars at the approximate rates ruling on the dates of the transactions or at the contracted settlement rate. Monetary assets and liabilities denominated in currencies other than Hong Kong dollars are re-translated into Hong Kong dollars at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the results, assets and liabilities of operations outside Hong Kong are translated at the rates ruling at the balance sheet date. Income and expense items are translated at the average exchange rate for the year. All exchange differences arising on translation are dealt with in the translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operations are disposed of.

#### Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total commitments and the outstanding principal amount at the inception of the finance leases, are charged to the income statement using actuarial method over the period of the respective leases.

All other leases are classified as operating leases and the rentals payable are charged to the income statement on a straight line basis over the term of leases.

#### Retirement benefits costs

Payments to the defined contribution retirement plan are charged as expenses as they fall due.



## 4. Segment Information

### Business Segments

The Group's principal activities are manufacture and trading of voltage converters, coils and components for electrical/electronic/mechanical products and rechargeable battery products. These two business segments are the basis on which the Group reports its primary segment information. Segment information about these businesses is presented as below:

	Voltage converters, coils and components for electrical/ electronic/ mechanical products HK\$	Rechargeable battery products HK\$	Elimination HK\$	Consolidated HK\$
For the year ended 31st March, 2004				
<b>Turnover</b>				
External sales	303,454,368	34,931,710	—	338,386,078
Inter-segment sales	9,270,813	—	(9,270,813)	—
	<u>312,725,181</u>	<u>34,931,710</u>	<u>(9,270,813)</u>	<u>338,386,078</u>
Inter-segment sales are carried out at cost.				
<b>Result</b>				
Segment result	8,634,772	10,944,346		19,579,118
Impairment losses recognised in respect of property, plant and equipment	(8,329,005)	—		(8,329,005)
Unallocated corporate expenses				(4,156,687)
Interest income				232,960
Profit from operations				7,326,386
Finance costs				(702,693)
Profit before taxation				6,623,693
Taxation				(20,350,699)
Net loss for the year				<u>(13,727,006)</u>
<b>Other information</b>				
Additions of property, plant and equipment	4,717,608	—		4,717,608
Addition of goodwill on acquisition of additional interest in a subsidiary	—	943,396		943,396
Amortisation of goodwill	—	125,786		125,786
Depreciation and amortisation of property, plant and equipment	11,626,669	—		11,626,669
Loss (gain) on disposal of property, plant and equipment	571,097	(1,469,190)		(898,093)
	<u>571,097</u>	<u>(1,469,190)</u>		<u>(898,093)</u>



#### 4. Segment Information *(Continued)*

##### Business Segments *(Continued)*

	Voltage converters, coils and components for electrical/ electronic/ mechanical products HK\$	Rechargeable battery products HK\$	Consolidated HK\$
As at 31st March, 2004			
<b>Balance sheet</b>			
<b>Assets</b>			
Segment assets	<u>180,103,549</u>	<u>6,517,576</u>	186,621,125
Unallocated corporate assets			<u>46,119,613</u>
Consolidated total assets			<u><u>232,740,738</u></u>
<b>Liabilities</b>			
Segment liabilities	<u>41,862,778</u>	<u>485,481</u>	42,348,259
Unallocated corporate liabilities			<u>35,535,679</u>
Consolidated total liabilities			<u><u>77,883,938</u></u>

#### 4. Segment Information (Continued)

##### Business Segments (Continued)

	Voltage converters, coils and components for electrical/ electronic/ mechanical products HK\$	Rechargeable battery products HK\$	Elimination HK\$	Consolidated HK\$
For the year ended 31st March, 2003				
<b>Turnover</b>				
External sales	286,881,502	33,918,855	—	320,800,357
Inter-segment sales	13,026,340	—	(13,026,340)	—
	<u>299,907,842</u>	<u>33,918,855</u>	<u>(13,026,340)</u>	<u>320,800,357</u>
Inter-segment sales are carried out at cost.				
<b>Result</b>				
Segment result	11,971,682	(8,941,241)		3,030,441
Deficit arising on revaluation of investment properties	(1,050,000)	—		(1,050,000)
Write-off of property, plant and equipment	—	(7,288,490)		(7,288,490)
Write-off of debtors and prepayments	—	(4,230,991)		(4,230,991)
Provision for restructuring expenses		(2,167,000)		(2,167,000)
Unallocated corporate expenses				(6,210,279)
Interest income				356,666
Loss from operations				(17,559,653)
Finance costs				(164,045)
Share of results of associates	(523,067)	—		(523,067)
Gain on partial disposal of a subsidiary	—	3,148,827		3,148,827
Impairment losses recognised in respect of interest in associates				(982,785)
Loss before taxation				(16,080,723)
Taxation				(1,725,000)
Loss before minority interests				(17,805,723)
Minority interests				(10,094)
Net loss for the year				<u>(17,815,817)</u>
<b>Other information</b>				
Additions of property, plant and equipment	8,608,535	625,115		9,233,650
Depreciation and amortisation of property, plant and equipment	12,677,282	3,316,051		15,993,333
Loss on disposal of property, plant and equipment	2,435,362	—		2,435,362



#### 4. Segment Information (Continued)

##### Business Segments (Continued)

	Voltage converters, coils and components for electrical/ electronic/ mechanical products HK\$	Rechargeable battery products HK\$	Consolidated HK\$
As at 31st March, 2003			
<b>Balance sheet</b>			
<b>Assets</b>			
Segment assets	165,372,557	4,876,945	170,249,502
Interest in associates	3,510,000	—	3,510,000
Unallocated corporate assets			64,017,649
Consolidated total assets			237,777,151
<b>Liabilities</b>			
Segment liabilities	27,988,982	5,356,064	33,345,046
Unallocated corporate liabilities			12,080,343
Consolidated total liabilities			45,425,389

##### Geographical Segments

The Group's operations are located in Mainland China and Hong Kong of the People's Republic of China (the "PRC"). The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods:

	Turnover by geographical market	
	Year ended 31st March, 2004 HK\$	2003 HK\$
The PRC		
Mainland China	36,057,454	43,644,474
Hong Kong	79,333,401	81,028,725
	115,390,855	124,673,199
United States of America, South America and Canada	116,137,547	83,719,628
Europe	79,141,503	66,545,997
Malaysia	10,822,733	30,210,906
Asia (excluding the PRC and Malaysia)	16,893,440	15,650,627
	338,386,078	320,800,357

#### 4. Segment Information *(Continued)*

The following is an analysis of the carrying amount of consolidated total assets and additions to property, plant and equipment analysed by the geographical areas in which the assets are located:

	As at 31st March,	
	2004 HK\$	2003 HK\$
<b>Carrying amount of consolidated total assets</b>		
Hong Kong	134,091,780	152,866,248
Mainland China	98,648,958	84,853,372
United States of America	—	57,531
	<u>232,740,738</u>	<u>237,777,151</u>
	Year ended 31st March,	
	2004 HK\$	2003 HK\$
<b>Additions to property, plant and equipment and intangible assets</b>		
Mainland China	5,190,921	8,576,567
Hong Kong	470,083	657,083
	<u>5,661,004</u>	<u>9,233,650</u>

#### 5. Other Operating Income

	2004 HK\$	2003 HK\$
The other operating income comprises:		
Bad debts recovery	2,674,348	—
Refund of deposits paid for acquisition of a property written-off in the prior years	2,777,292	—
Gain on disposal of property, plant and equipment	898,093	—
Property rental income net of nil outgoings	721,058	826,326
Interest earned on bank deposits and balances	232,960	356,666
Negative goodwill arising on acquisition of additional interest in a subsidiary released	112,662	—
Mould and tooling income	—	6,017,265
Sundry income	2,566,080	31,606
	<u>9,982,493</u>	<u>7,231,863</u>

## 6. Other Operating Expenses

	2004 HK\$	2003 HK\$
The other operating expenses comprise:		
Impairment losses recognised in respect of property, plant and equipment	8,329,005	—
Write-off of property, plant and equipment	—	7,288,490
Write-off of debtors and prepayments	—	4,230,991
Provision for restructuring expenses	—	2,167,000
Deficit arising on revaluation of investment properties (note 13)	—	1,050,000
	<u>8,329,005</u>	<u>14,736,481</u>

During the year ended 31st March, 2003, the directors decided to restructure certain subsidiaries of the Company. It resulted in the write-off of property, plant and equipment, write-off of debtors and prepayments and a provision for restructuring expenses of HK\$7,288,490, HK\$4,230,991 and HK\$2,167,000 respectively.

## 7. Profit (Loss) From Operations

	2004 HK\$	2003 HK\$
Profit (loss) from operations has been arrived at after charging:		
Directors' remuneration (Note)	12,137,254	6,684,000
Staff salaries, allowance and welfare	29,850,365	33,396,828
Provident fund contributions	98,292	159,094
Mandatory provident fund contributions	330,159	341,899
Direct labour costs	18,587,924	17,085,794
Total staff costs	<u>61,003,994</u>	<u>57,667,615</u>
Amortisation of goodwill included in administrative expenses	125,786	—
Auditors' remuneration	917,250	880,000
Depreciation and amortisation of property, plant and equipment		
Owned assets	11,537,716	15,985,920
Assets held under finance leases	88,953	7,413
Loss on disposal of property, plant and equipment	—	2,435,362
Minimum lease payments in respect of rented premises	<u>3,749,456</u>	<u>4,519,706</u>

## 7. Profit (Loss) From Operations (Continued)

Note:

Information regarding directors' and employees' emoluments

	2004 HK\$	2003 HK\$
<b>Directors</b>		
Fees to independent non-executive directors	360,000	360,000
Other emoluments to executive directors:		
Salaries and other benefits*	5,699,254	6,300,000
Compensations to directors for loss of offices	6,048,000	—
Mandatory provident fund contributions	30,000	24,000
	<u>11,777,254</u>	<u>6,324,000</u>
	<u>12,137,254</u>	<u>6,684,000</u>

\* The amount included amount of consultancy fee of HK\$755,554 (2003: nil) paid to Mr. Brian Cyril Beazer by the Company.

Emoluments of the directors were within the following bands:

	Number of director(s)	
	2004	2003
Nil - HK\$1,000,000	9	10
HK\$1,000,001 - HK\$1,500,000	1	—
HK\$1,500,001 - HK\$2,000,000	—	2
HK\$2,000,001 - HK\$2,500,000	1	—
HK\$2,500,001 - HK\$3,000,000	—	1
HK\$3,000,001 - HK\$3,500,000	2	—
	<u>13</u>	<u>13</u>

### Employees

The five highest paid individuals of the Group included five (2003: three) directors, details of whose emoluments are set out above. The emoluments of the two highest paid employees for the year ended 31st March, 2003, other than directors of the Company, were as follows:

	2004 HK\$	2003 HK\$
Salaries and other benefits	—	2,025,000
Mandatory provident fund contribution	—	24,000
	<u>—</u>	<u>2,049,000</u>

Emoluments of these employees were within the following bands:

	Number of employee(s)	
	2004	2003
Nil - HK\$1,000,000	—	1
HK\$1,000,001 - HK\$1,500,000	—	1
	<u>—</u>	<u>2</u>

## 8. Finance Costs

	2004 HK\$	2003 HK\$
Interest on:		
Bank borrowings wholly repayable within five years	682,548	158,580
Obligations under finance leases	20,145	5,465
	<u>702,693</u>	<u>164,045</u>
Total borrowing costs	<u>702,693</u>	<u>164,045</u>

## 9. Taxation

	2004 HK\$	2003 HK\$
The charge comprises:		
The Company and its subsidiaries:		
Hong Kong Profits Tax		
– current year provision	2,000,000	900,000
– (over)underprovision in prior years	(173,692)	825,000
– additional assessments for the years of assessment from 1997/98 to 2001/02	11,524,391	—
– tax penalty	7,000,000	—
	<u>20,350,699</u>	<u>1,725,000</u>

Hong Kong Profits Tax is calculated at 17.5% (2003: 16%) of the estimated assessable profit for the year.

In May 2003, a tax audit was commenced by the Hong Kong Inland Revenue Department (the “IRD”) on certain subsidiaries of the Company in respect of the years of assessment from 1997/98 to 2001/02. During the year, the Company and the IRD reached a mutual settlement agreement in respect of the additional tax liabilities of the Group, without the directors admitting any liability. On 19th November, 2003, additional assessments of HK\$11,524,391 for the years of assessment from 1997/98 to 2001/02 together with a compound tax penalty of HK\$7,000,000 were issued by the IRD to the Group. The additional taxation charge and the tax penalty will be settled, after deducting the provisional tax already paid amounting to HK\$6,822,738, in twelve monthly instalments starting from 31st December, 2003.

A statement of reconciliation of taxation is as follows:

	2004 HK\$	2003 HK\$
Profit (loss) before taxation	<u>6,623,693</u>	<u>(16,080,723)</u>
Tax at the Hong Kong Profits Tax rate of 17.5% (2003: 16%)	1,159,146	(2,572,916)
Tax effect of expenses not deductible for tax purposes	3,826,011	1,069,546
Tax effect of income not taxable for tax purposes	(1,621,740)	(1,821,453)
Tax effect on utilisation of tax losses previously not recognised	(1,363,417)	(39,123)
Tax effect of tax loss not recognised	—	4,263,946
(Over)underprovision in the prior years	(173,692)	825,000
Additional assessments for the years of assessment from 1997/98 to 2001/02	11,524,391	—
Tax penalty	7,000,000	—
	<u>20,350,699</u>	<u>1,725,000</u>
Taxation charge for the year	<u>20,350,699</u>	<u>1,725,000</u>



## 9. Taxation *(Continued)*

At the balance sheet date, the Company has tax losses of approximately HK\$11,016,000 (2003: HK\$14,709,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

At the balance sheet date, the Group has unused tax losses of approximately HK\$20,303,000 (2003: HK\$28,094,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

## 10. Dividends

	2004 HK\$	2003 HK\$
Interim dividend, paid – nil (2003: 4 cents) per share	—	22,282,336
Final dividend, proposed – 2 cents (2003: 4 cents) per share	<u>11,141,168</u>	<u>22,282,336</u>
	<u><u>11,141,168</u></u>	<u><u>44,564,672</u></u>

The final dividend of 2 cents (2003: 4 cents) per share has been proposed by the directors of the Company.

## 11. Loss Per Share

The calculation of loss per share is based on the net loss for the year of HK\$13,727,006 (2003: loss of HK\$17,815,817) and the weighted average of 557,058,400 (2003: 557,230,778) shares in issue during the year.

No diluted loss per share has been presented as the exercise of the Company's outstanding share options would reduce the loss per share for both years.

## 12. Goodwill

	The Group HK\$
<b>Cost</b>	
At 1st April, 2003	—
Arising on acquisition of additional interest in a subsidiary	<u>943,396</u>
At 31st March, 2004	<u>943,396</u>
<b>Amortisation</b>	
At 1st April, 2003	—
Provided for the year	<u>125,786</u>
At 31st March, 2004	<u>125,786</u>
<b>Net Book Value</b>	
At 31st March, 2004	<u><u>817,610</u></u>
At 31st March, 2003	<u><u>—</u></u>

Goodwill is amortised over its estimated useful life. The foreseeable lives of goodwill arising from the acquisition are expected to be five years.

### 13. Investment Properties

	THE GROUP HK\$
<b>AT VALUATION</b>	
At 1st April, 2002	6,600,000
Deficit on revaluation (note 6)	<u>(1,050,000)</u>
At 31st March, 2003 and 31st March, 2004	<u>5,550,000</u>

The investment properties are situated in Hong Kong and are held under long leases. The investment properties are rented out for use under operating leases. The valuation of investment properties was carried out by DTZ Debenham Tie Leung Limited, a firm of independent professional valuers, as at 31st March, 2004 on an open market value for existing use basis.

### 14. Property, Plant and Equipment

	Leasehold land and buildings HK\$	Furniture, fixtures and equipment HK\$	Motor vehicles HK\$	Plant and machinery HK\$	Construction in progress HK\$	Total HK\$
<b>THE GROUP</b>						
<b>COST</b>						
At 1st April, 2003	42,022,991	21,016,948	4,889,926	46,243,127	51,410	114,224,402
Additions	—	1,751,351	—	2,670,910	295,347	4,717,608
Disposals	—	—	(124,528)	—	(51,410)	(175,938)
At 31st March, 2004	<u>42,022,991</u>	<u>22,768,299</u>	<u>4,765,398</u>	<u>48,914,037</u>	<u>295,347</u>	<u>118,766,072</u>
<b>DEPRECIATION AND AMORTISATION</b>						
At 1st April, 2003	6,448,909	12,916,685	3,808,586	22,871,262	—	46,045,442
Provided for the year	840,460	2,730,453	460,860	7,594,896	—	11,626,669
Eliminated on disposals	—	—	(48,489)	—	—	(48,489)
Impairment loss recognised	8,329,005	—	—	—	—	8,329,005
At 31st March, 2004	<u>15,618,374</u>	<u>15,647,138</u>	<u>4,220,957</u>	<u>30,466,158</u>	<u>—</u>	<u>65,952,627</u>
<b>NET BOOK VALUES</b>						
At 31st March, 2004	<u>26,404,617</u>	<u>7,121,161</u>	<u>544,441</u>	<u>18,447,879</u>	<u>295,347</u>	<u>52,813,445</u>
At 31st March, 2003	<u>35,574,082</u>	<u>8,100,263</u>	<u>1,081,340</u>	<u>23,371,865</u>	<u>51,410</u>	<u>68,178,960</u>

## 14. Property, Plant and Equipment *(Continued)*

	2004 HK\$	2003 HK\$
The net book value of the Group's property interests shown above comprises:		
Leasehold properties held under long leases in Hong Kong	9,983,000	17,905,424
Leasehold properties outside Hong Kong held under		
– long leases	3,216,897	4,149,540
– medium term leases	<u>13,204,720</u>	<u>13,519,118</u>
	<u>26,404,617</u>	<u>35,574,082</u>

The net book value of motor vehicles of HK\$544,441 (2003: HK\$1,081,340) includes an amount of HK\$340,634 (2003: HK\$429,587) in respect of assets held under finance leases.

During the year, the directors conducted a review of the carrying value of its property, plant and equipment and identified that certain land and buildings have impairment in value based on the open market value. Accordingly, an impairment loss of HK\$8,329,005 was recognised during the year.

## 15. Interest in Subsidiaries

	THE COMPANY	
	2004 HK\$	2003 HK\$
Unlisted shares, at carrying value (Note)	71,111,124	71,111,124
Unlisted shares, at cost	<u>20</u>	<u>20</u>
	71,111,144	71,111,144
Amounts due from subsidiaries	<u>356,416,391</u>	<u>514,046,868</u>
	427,527,535	585,158,012
Allowance made	<u>(274,400,000)</u>	<u>(274,400,000)</u>
	<u>153,127,535</u>	<u>310,758,012</u>

Note: The carrying value of the unlisted shares is based on the book values of the underlying net assets of the subsidiaries attributable to the Group as at the date on which the Company became the ultimate holding company of the Group pursuant to the group reorganisation in 1994.

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors of the Company, the amounts are unlikely to be repaid within one year and are therefore shown in the balance sheet as non-current.

Particulars of the Company's principal subsidiaries at 31st March, 2004 are set out in note 32.

## 16. Interest in Associates

	THE GROUP	
	2004 HK\$	2003 HK\$
Share of net assets	—	4,492,785
Impairment losses recognised	—	(982,785)
	<u>—</u>	<u>3,510,000</u>

In June 2003, the Group entered into agreements with the other shareholders of the two associates to dispose of all of the Group's entire interest in the two associates for an aggregate consideration of HK\$3,510,000.

## 17. Investments in Securities

	THE GROUP	
	2004 HK\$	2003 HK\$
<b>INVESTMENT SECURITIES</b>		
Unlisted shares, at cost	773,450	773,450
Impairment loss	(773,450)	(773,450)
	<u>—</u>	<u>—</u>
<b>OTHER INVESTMENTS</b>		
Listed shares, at cost (Note)	67,110,720	67,110,720
Impairment loss	(67,110,720)	(67,110,720)
	<u>—</u>	<u>—</u>
Market value of listed shares at 31st March	<u>1,915,424</u>	<u>1,231,344</u>

Note: The amount represents the Group's investment in the shares of Climax International Company Limited ("CICL"), a company incorporated in Bermuda with its shares listed on the Stock Exchange, representing approximately a 1.75% (2003: 1.76%) of the issued share capital of CICL.

In the opinion of the directors, in view of the low volume of transactions in the market for the CICL's shares, the fair value of other investments as at 31st March, 2004 and 31st March, 2003 was insignificant.

## 18. Inventories

	THE GROUP	
	2004 HK\$	2003 HK\$
Raw materials	32,498,118	20,596,444
Work in progress	3,516,154	2,742,382
Finished goods	11,316,301	7,381,661
	<u>47,330,573</u>	<u>30,720,487</u>

At the balance sheet date, all the inventories were carried at cost.

## 19. Debtors and Prepayments

- (a) The balance of debtors and prepayments included trade debtors of HK\$76,833,964 (2003: HK\$63,332,791). The aged analysis of trade debtors at the balance sheet date is as follows:

	THE GROUP	
	2004 HK\$	2003 HK\$
0 - 60 days	49,737,296	27,762,684
61 - 90 days	8,542,813	12,841,669
91 - 120 days	14,869,523	8,359,976
> 120 days	3,684,332	14,368,462
	<u>76,833,964</u>	<u>63,332,791</u>

The Group allows an average credit period ranged from 90 to 120 days (2003: 90 to 120 days) to its trade customers.

- (b) At 31st March, 2003, the balance of debtors and prepayments also included an amount due from a minority shareholder of a subsidiary of HK\$1,531,206. The amount is unsecured, interest free. During the year, the remaining balance of HK\$1,372,958 was offset with the consideration payable for acquisition of additional interest in this subsidiary (see note 26(a)).

## 20. Marketable Securities

	THE GROUP	
	2004 HK\$	2003 HK\$
Listed warrants in Hong Kong, at fair value	<u>—</u>	<u>—</u>
Market value at 31st March	<u>—</u>	<u>136,816</u>

Pursuant to the completion of a subscription agreement of CICL on 11th January, 2001, the Group was granted 13,681,600 bonus warrants of CICL on 29th January, 2001 on the basis of one bonus warrant for every five shares of CICL held by the Group on that date. No listed warrants of CICL were acquired nor disposed of during both years.

In the opinion of the directors, in view of the low volume of transactions in the market for these warrants, the fair value of these warrants as at 31st March, 2003 was insignificant.

The warrants expired on 8th February, 2004.

## 21. Creditors and Accrued Charges

The balance of creditors and accrued charges included trade creditors of HK\$31,260,036 (2003: HK\$16,667,867). The aged analysis of trade creditors at the reporting date is as follows:

	THE GROUP	
	2004 HK\$	2003 HK\$
0 - 60 days	29,382,942	10,920,848
61 - 90 days	547,271	3,302,153
> 90 days	1,329,823	2,444,866
	<u>31,260,036</u>	<u>16,667,867</u>





## 22. Obligations under Finance Leases

	Minimum lease payments		Present value of minimum lease payments	
	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$
Amount payable under finance lease				
Within one year	158,783	158,784	147,233	145,666
In the second to fifth years inclusive	92,625	251,408	90,433	230,639
	<u>251,408</u>	<u>410,192</u>	<u>237,666</u>	<u>376,305</u>
Less: Future finance charges	(13,742)	(33,887)	—	—
Present value of lease obligations	<u>237,666</u>	<u>376,305</u>	<u>237,666</u>	<u>376,305</u>
Amount due for settlement within 12 months			<u>(147,233)</u>	<u>(145,666)</u>
Amount due for settlement after 12 months			<u>90,433</u>	<u>230,639</u>

It is the Group's policy to lease certain of its motor vehicles under finance leases. The lease term is 3 years. For the year ended 31st March, 2004, the effective borrowing rate was 3% (2003: 3%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

## 23. Share Capital

	2004 & 2003 HK\$	
Authorised: 1,000,000,000 shares of HK\$0.1 each		<u>100,000,000</u>
	Number of shares	Amount HK\$
Issued and fully paid:		
Shares of HK\$0.1 each:		
Balance at 1st April, 2002	557,538,400	55,753,840
Repurchase of shares	<u>(480,000)</u>	<u>(48,000)</u>
Balance at 31st March, 2003 and 31st March, 2004	<u>557,058,400</u>	<u>55,705,840</u>

There was no change of the Company's authorised, issued and fully paid share capital during the year.

## 24. Share Options

Pursuant to a special general meeting of the Company held in April, 1994, the Company adopted an executives' share option scheme (the "Scheme") for the primary purpose of providing incentives to the executive directors and eligible employees of the Company and its subsidiaries. According to the Scheme, the Board of Directors of the Company is authorised, at any time within ten years after the adoption date of the Scheme, to grant options to eligible participants to subscribe for shares in the Company at a subscription price equal to the higher of the nominal value of the shares and an amount, to be determined by the Committee administering the Scheme, which is not less than 80% of the average of the closing prices of the shares on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date the options are offered to the participant. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company from time to time. The maximum entitlement of any individual participant to a grant of options under the Scheme shall not exceed 25% of the maximum number of shares that may be issued under the Scheme. The Scheme expired in April 2004, and thereafter, no further options can be issued under the Scheme. As at the date of this report, there are 8,000,000 options under the Scheme still outstanding which, subject to vesting, can be exercised at any time until 2013.

Under the Scheme, the offer to grant options to eligible participants must be accepted within 21 days after the date of the offer, upon payment of HK\$1 as consideration for the offer. Options are exercisable only during the exercise period set out in the letter of offer, which does not exceed ten years in any event.

The movements in the number of options outstanding during the year which have been granted to the directors of the Company and employees of the Group under the Scheme were as follows:

	Exercisable period	Exercise price HK\$	Outstanding at 1.4.2003	Number of option shares				Outstanding at 31.3.2004	Number of underlying shares
				Cancelled during the year	Outstanding at 31.3.2003 and 1.4.2003	Granted during the year	Lapsed during the year		
Directors	28.8.2002 - 27.8.2003	0.62	6,000,000	—	6,000,000	—	(6,000,000)	—	—
	23.7.2003 - 22.7.2013	0.36	—	—	—	8,000,000	—	8,000,000	8,000,000
Other employees	28.8.2002 - 27.8.2003	0.62	4,000,000	(1,000,000)	3,000,000	—	(3,000,000)	—	—
			<u>10,000,000</u>	<u>(1,000,000)</u>	<u>9,000,000</u>	<u>8,000,000</u>	<u>(9,000,000)</u>	<u>8,000,000</u>	<u>8,000,000</u>

## 25. Reserves

	Share premium HK\$	Capital redemption reserve HK\$	Capital reserve HK\$	Translation reserve HK\$	Accumulated profits HK\$	Dividend reserve HK\$	Total HK\$
THE GROUP							
At 1st April, 2002	13,572,024	1,394,200	21,019,257	21,422	139,435,334	—	175,442,237
Premium paid on repurchase of shares	(45,100)	—	—	—	—	—	(45,100)
Repurchase of shares	—	48,000	—	—	(48,000)	—	—
Capital reserve realised upon partial disposal of a subsidiary	—	—	(1,148,827)	—	—	—	(1,148,827)
Exchange differences on translation of operations outside Hong Kong	—	—	—	1,010,145	—	—	1,010,145
Net loss for the year	—	—	—	—	(17,815,817)	—	(17,815,817)
Interim dividends declared (note 10)	—	—	—	—	(22,282,336)	22,282,336	—
Final dividend proposed (note 10)	—	—	—	—	(22,282,336)	22,282,336	—
Dividends paid	—	—	—	—	—	(22,282,336)	(22,282,336)
At 31st March, 2003	13,526,924	1,442,200	19,870,430	1,031,567	77,006,845	22,282,336	135,160,302
Net loss for the year	—	—	—	—	(13,727,006)	—	(13,727,006)
Dividends paid	—	—	—	—	—	(22,282,336)	(22,282,336)
Final dividend proposed (note 10)	—	—	—	—	(11,141,168)	11,141,168	—
At 31st March, 2004	13,526,924	1,442,200	19,870,430	1,031,567	52,138,671	11,141,168	99,150,960

The capital reserve of the Group represented the capital reserve arising on the group reorganisation in 1994. The balance of the capital reserve as at the balance sheet date amounted to HK\$19,870,430 (2003: HK\$19,870,430).

	Share premium HK\$	Capital redemption reserve HK\$	Contributed surplus HK\$	Accumulated profits HK\$	Dividend reserve HK\$	Total HK\$
THE COMPANY						
At 1st April, 2002	13,572,024	1,394,200	70,911,124	1,548,460	—	87,425,808
Premium paid on repurchase of shares	(45,100)	—	—	—	—	(45,100)
Repurchase of shares	—	48,000	—	(48,000)	—	—
Net profit for the year	—	—	—	43,639,471	—	43,639,471
Interim dividends declared (note 10)	—	—	—	(22,282,336)	22,282,336	—
Final dividend proposed (note 10)	—	—	—	(22,282,336)	22,282,336	—
Dividends paid	—	—	—	—	(22,282,336)	(22,282,336)
At 31st March, 2003	13,526,924	1,442,200	70,911,124	575,259	22,282,336	108,737,843
Net profit for the year	—	—	—	10,942,869	—	10,942,869
Dividends paid	—	—	—	—	(22,282,336)	(22,282,336)
Final dividend proposed (note 10)	—	—	—	(11,141,168)	11,141,168	—
At 31st March, 2004	13,526,924	1,442,200	70,911,124	376,960	11,141,168	97,398,376

## 25. Reserves (Continued)

The contributed surplus of the Company represented the difference between the book values of underlying net assets of Pantronics Holdings Limited and its subsidiaries at the date on which the shares of these companies were acquired by the Company, and the nominal amount of the share capital issued by the Company under the group reorganisation in 1994, net of HK\$100,000 applied in paying up in full at par the 1,000,000 nil paid shares.

In addition to accumulated profits, under the company law in Bermuda, the contributed surplus account of a company is also available for distribution. However, the company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, the Company's reserves available for distribution as at 31st March, 2004 consisted of contributed surplus of HK\$70,911,124 (2003: HK\$70,911,124), accumulated profits of HK\$376,960 (2003: accumulated profits of HK\$575,259) and dividend reserve of HK\$11,141,168 (2003: HK\$22,282,336).

## 26. Major Non-Cash Transactions

- (a) During the year ended 31st March, 2004, the Group acquired 20% additional interest in a subsidiary at the consideration of HK\$1,372,958. The consideration payable was settled by way of offset the receivable from the minority interest included in the debtors and prepayments (see note 19(b)).
- (b) During the year ended 31st March, 2003, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK\$437,000.
- (c) During the year ended 31st March, 2003, the Group agreed with a joint venture partner (the "PRC Partner") of a subsidiary, 上海品新電源有限公司 Shanghai Pin Xin Power Resources Industry Co., Ltd. ("Shanghai Pin Xin") to terminate the supplemental agreement for a consideration of HK\$2,000,000 as full settlement of other borrowings of HK\$4,000,000 due to the PRC Partner. The Group also transferred 10% of its interest in Shanghai Pin Xin Power to the PRC Partner and the net assets and profit after taxation of Shanghai Pin Xin would then be shared by the Group and the PRC Partner according to their respective interests in the registered capital of Shanghai Pin Xin in the proportion of 90% and 10% respectively.

## 27. Pledge of Assets

At the balance sheet date, the Group pledged its investment properties and certain leasehold properties of approximately HK\$5,550,000 (2003: HK\$5,550,000) and HK\$5,361,000 (2003: HK\$12,910,000) respectively to banks to secure credit facilities granted by the banks to the extent of approximately HK\$45,000,000 (2003: HK\$40,520,000). The Group also pledged its debtors of approximately HK\$19,879,000 (2003: HK\$3,234,000) to a bank to secure bank loans granted by the bank.

## 28. Related Party Transactions

During the year, the Group rented certain properties in an industrial estate in Songgang County, the PRC, and paid rent amounting to approximately HK\$2,752,000 (2003: HK\$2,668,300) to 深圳市寶安區松崗鎮恒兆工業發展公司 Shenzhen City Baoan District Songgang County Heng Zhao Industrial Development Company ("Heng Zhao"). Heng Zhao has entered into an agreement with All Good Investments Limited ("All Good"), a company in which Messrs. Ho Che Kong and Leung Wai Chuen, directors of the Company (Mr. Leung Wai Chuen resigned as director on 1st March, 2004), have an interest of 24.5% and 12.2% respectively, for development of this industrial estate in Songgang County, the PRC. Pursuant to this agreement, All Good is entitled to 54% of the profit derived from this industrial estate. On 31st October, 2003, All Good entered into an agreement with an independent third party to dispose of its entire 54% interest in this industrial estate in Songgang County, the PRC.

## 29. Contingent Liabilities

	THE GROUP		THE COMPANY	
	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$
Cross guarantees given to banks to secure credit facilities granted to subsidiaries	—	—	45,000,000	40,520,000

## 30. Operating Lease Commitments

### The Group as lessee

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2004 HK\$	2003 HK\$
Operating leases which expire:		
Within one year	2,373,829	2,657,208
In the second to fifth years inclusive	1,735,892	3,705,414
	<u>4,109,721</u>	<u>6,362,622</u>

Operating lease payments represent rentals payable by the Group for its office properties and factories which are negotiated for an average terms of three years.

At the balance sheet date, the Company had no commitments under non-cancellable operating leases in respect of rented premises.

### The Group as lessor

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2004 HK\$	2003 HK\$
Within one year	721,058	721,058
In the second to fifth years inclusive	270,397	998,239
	<u>991,455</u>	<u>1,719,297</u>

Operating lease income represents the rental receivable by the Group for its investment properties. Leases are negotiated for an average term of three years.

At the balance sheet date, the Company had not entered into any operating lease arrangement for rental income.



## 31. Retirement Benefit Scheme

### Hong Kong

With effect from 1st December, 2000, the Group has joined a mandatory provident fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme. During the year ended 31st March, 2004, the retirement benefit scheme contributions charged to the consolidated income statement amounted to approximately HK\$360,000 (2003: HK\$366,000), which represent contribution payable to the fund by the Group at rates specified in the rules of the MPF Scheme.

### Mainland China

The Group also participates in defined contribution retirement scheme organised by the government of Mainland China. All employees of the Group in the Mainland China are entitled to an annual pension equal to a fixed portion of their individual final basic salaries at their retirement date. The Group is required to make contributions to the retirement scheme at the specified rate of the payroll of its employees in the Mainland China. The total contribution incurred in this connection for the year ended 31st March, 2004 was approximately HK\$98,000 (2003: HK\$159,000). No forfeited contributions may be used by the employer to reduce the existing level of contributions.

## 32. Principal Subsidiaries

Name of company	Place of incorporation or registration	Issued and fully paid share capital/registered capital	Percentage of issued share capital/registered capital		Principal activities
			Held by the Company/subsidiaries	Attributable equity interest to the Group	
Pan Electrium Industrial Company Limited	Hong Kong	Ordinary HK\$5,000,000	100%	100%	Manufacture of and trading in electronic/electrical parts and products
Panjet (Int'l) Limited	British Virgin Islands	Ordinary US\$1	100%	100%	Manufacture of intermediate frequency transformers in the PRC
Pantene Industrial Co. Limited	Hong Kong	Ordinary HK\$10,000  Deferred HK\$800,000 (note (b))	100%	100%	Trading in electronics products
Pantronics Holdings Limited (note (a))	British Virgin Islands	Ordinary US\$200	100%	100%	Investment holding
Pin Xin International Limited	Hong Kong	Ordinary HK\$10,000	100%	100%	Trading in rechargeable battery products

## 32. Principal Subsidiaries (Continued)

Name of company	Place of incorporation or registration	Issued and fully paid share capital/registered capital	Percentage of issued share capital/registered capital		Principal activities
			Held by the Company/subsidiaries	Attributable equity interest to the Group	
Rise Up International Limited (note (a))	British Virgin Islands	Ordinary US\$1	100%	100%	Investment holding in Hong Kong
上海品新電源有限公司 Shanghai Pin Xin	PRC #	Registered HK\$28,000,000	100%	100% (note (c))	Manufacture of rechargeable battery products
深圳品泰電子有限公司 Shenzhen Pantai Electronic Co., Limited	PRC *	Registered US\$700,000	100%	100%	Manufacture of electronic products

## Notes:

# This subsidiary was established in the PRC as a Sino-foreign equity joint venture enterprise.

\* This subsidiary was established in the PRC as a wholly foreign-owned enterprise.

(a) Directly held by the Company.

(b) These deferred shares, which are not held by the Group, practically carry no right to dividends or to receive notice of or to attend or vote at any general meeting of this subsidiary or to participate in any distribution on winding-up.

(c) Shanghai Pin Xin was established in the PRC as a sino-foreign joint venture company for a term of thirty years commencing 10th April, 1995 with a registered capital of HK\$28,000,000.

During the year ended 31st March, 2003, the subsidiary of the Company agreed with the PRC Partner to terminate a supplemental agreement for a consideration of HK\$2,000,000 as full settlement of other borrowings of HK\$4,000,000 due to the PRC Partner. The Group also transferred 10% of its interest in Shanghai Pin Xin to the PRC Partner and the net assets and profit after taxation of Shanghai Pin Xin would then be shared by the subsidiary of the Company and the PRC Partner according to their respective interests in the registered capital of Shanghai Pin Xin in the proportion of 90% and 10% respectively. The Group is then regarded to hold a 90% interest in Shanghai Pin Xin for accounting purposes.

During the year ended 31st March, 2004, the Company acquired back the 10% interest in Shanghai Pin Xin from the PRC Partner at a consideration of RMB1,000,000 (equivalent to HK\$943,396). The Group is then regarded to hold a 100% (2003: 90%) interest in Shanghai Pin Xin.

Unless specified in the "Principal activities", the above subsidiaries operate principally in their respective places of incorporation or registration.

The above list includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the assets and liabilities of the Group. To give details of all the other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at 31st March, 2004 or at any time during the year.